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**Memorandum for:** A copy of this memo was sent  
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attached.

The attached typescript on the Spanish  
opposition parties shows how the weakness of the  
Socialists' rivals is likely to help Prime  
Minister Gonzalez remain in power for the  
remainder of the decade. On the other hand, the  
author also points out that Gonzalez might call  
an early election next year to abort formation  
of a new potentially attractive center party.

/s/

EUR M84-10186



Att: a/s

12 Sep 84

Director,

**E U R A**

**Office of European Analysis**

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EURM 84-10186

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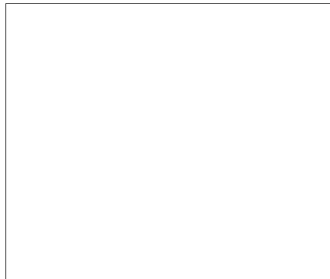
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## Central Intelligence Agency



Washington, D.C. 20505

## DIRECTORATE OF INTELLIGENCE

11 September 1984

SPAIN: Can the Center-Right Challenge the Socialists?

Summary

The center-right opposition in Spain is in disarray. Its weaknesses are likely to combine with Socialist moderation to help Prime Minister Gonzalez win the next election which must be held by October 1986. [redacted]

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If the Socialists should lose the next election, the most likely alternative at present appears to be a disparate coalition of centrists, conservatives, and regionalists with a slim parliamentary majority. A cabinet built along those lines would have so much trouble holding together that it would not be an effective government for Spain or a solid partner for Washington. [redacted]

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An effective opposition party must be able to attract the decisive block of centrist voters that deserted the now defunct Union of the Democratic Center in 1982 and voted for the Socialists. The only large opposition party at present is the conservative Popular Alliance, but its seemingly indelible rightwing image prevents it from attracting a significant number of centrist voters. Alliance leader Fraga has attempted to blur this image by allying with small Christian Democratic and Liberal parties in the Popular Coalition, but we share the judgment of most Spanish political observers that he is unlikely to be able to win much more than a quarter of the popular vote. [redacted]

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This memorandum was prepared by [redacted] Office of European Analysis. Information available as of 31 August 1984 was used in its preparation. Comments and queries are welcome and may be directed to the Chief, Western Europe Division, EURA [redacted]

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We also are not optimistic that former Prime Minister Suarez can regain command of the center at the head of his new Social Democratic Center Party. Suarez has badly alienated the business community, the Church, and the military, and lacks the money to build an effective party organization. We believe he no longer expects to make a strong comeback soon and is trying to cultivate a place for himself as a junior partner to the Socialists. [redacted]

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Catalan leader Miquel Roca enjoys somewhat better prospects in his bid to launch the centrist Democratic Reform Party, although he is still hampered by his image as a regional rather than national leader. Roca hopes that an alliance between the new party and his own Catalan-based Convergence and Union coalition could make him a national power broker. If Roca succeeds with the Democratic Reform Party, he is more likely to ally with the Popular Coalition than with the Socialists. [redacted]

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A key event for Roca will be the regional election in Galicia in 1985. If a local party associated with him runs well against the incumbent AP administration, Roca could become a major voice in Spain. We believe, though, that the Socialists might decide to call an early national election instead of giving Roca that chance to establish himself. [redacted]

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### Introduction

Spanish politics is in flux. Opinion polls show that support for the governing Socialist Party this year has ebbed as the economy has lagged and unemployment has risen to almost 20 percent. The Socialists suffered a sharp defeat at the hands of a local center-right party in a regional election in Catalonia in April. The principal opposition party, the conservative Popular Alliance, nevertheless has failed to gain much from the Socialists' problems. A diverse group of middle-of-the-road and regional politicians has been trying since the Catalan election to build a centrist party to fill the gap between the Socialists and the Popular Alliance. Their efforts almost certainly will be a key factor in the next national election, which must be held by October 1985. They may determine whether the Socialists can win another absolute parliamentary majority, are forced to seek a coalition partner, or must give up power to a center-right coalition. This paper will examine the reasons for the conservatives' failure so far to mount a credible challenge to the Socialists and the obstacles to the resurrection of a strong centrist party. [redacted]

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### The Party System Today

The Spanish party system has not jelled. Although the Spanish Socialists and Communists have roots extending back before the Civil War of 1936-39, the parties of the right and center only emerged after the death of Franco in 1975. They have not had the time to develop firm ties with social classes and interest groups. As a result, the transition to democracy has been characterized by dramatic shifts in support for right and center parties.

[redacted]

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The current political landscape derives primarily from the spectacular collapse of the Union of the Democratic Center (UCD). In preparation for the first election of the post-Franco era in 1977, Adolfo Suarez--handpicked as prime minister a year earlier by King Juan Carlos--joined with other former Francoists and the Christian Democrats, the Liberals, and the Social Democrats to form the UCD. Ambition more than principle united this ill-assorted political menagerie. The country's new election law gave a disproportionately large share of parliamentary seats to front-running parties, and Suarez and his allies knew that their best chance of winning office was to unite in a broad center-right alliance.

[redacted]

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That formula produced victory in 1977 and again in 1979, and provided the UCD an opportunity to supervise the writing of a democratic constitution. However, the UCD quickly lost what little common purpose it had once it finished work on the constitution and the other building blocks for representative government. Mounting personality and policy disputes led successively to Suarez's resignation, defections to other parties, and the formation of the rival Social Democratic Center Party (CDS) led by Suarez himself. This sorry spectacle disillusioned the electorate and contributed to the party's debacle at the polls in 1982. The UCD's share of the vote fell from 35 percent in 1979 to 6 percent in 1982 and its seats in the 350-member Cortes plunged from 168 to 12. The bankrupt and demoralized party, which had dominated Spanish politics from 1977 to 1982, subsequently dissolved.

[redacted]

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The Socialist Party (PSOE) was the main beneficiary of the UCD's downfall. Socialist leader Felipe Gonzalez had nudged his party steadily closer to the center of the political spectrum after the death of Franco. When the UCD entered its death throes prior to the national election in 1982, Gonzalez was well positioned to "borrow" three million centrist votes. With the Communists hurt by factionalism and in no position to challenge Gonzalez from the left, Gonzalez won seven million of the approximately eight million

\*The Spanish parliament, the Cortes, consists of the Congress of Deputies -- the lower house, which has virtually complete authority under the constitution to legislate -- and the Senate -- largely a ceremonial upper house. References in this paper to Parliament or to the Cortes will be to the Congress of Deputies.

[redacted]

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left-of-center votes, 46 percent of the total vote, and an absolute parliamentary majority with 202 seats. [ ]

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The other beneficiary of the UCD's collapse was the conservative Popular Alliance (AP). Alliance leader Manuel Fraga, a former Franco cabinet minister, saw his party's share of the vote jump from less than 6 percent in 1979 to more than 25 percent in 1982; its representation in Parliament rose from nine to 107 seats. [ ]

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The Socialists and AP have no serious rivals at the moment. The moderately left-leaning Social Democratic Center Party of Adolfo Suarez won less than 3 percent of the national vote in 1982 and holds only two seats in Parliament; the Communists, meanwhile, polled less than 4 percent and saw their representation fall from 23 seats to four. Center-right regional parties garnered nearly 5 percent of the national vote and won 20 seats, while leftist regional parties received 2 percent of the vote and elected the remaining four parliamentary deputies. Altogether, left-of-center national and regional parties won 55 percent of the vote compared with 38 percent by right-of-center parties. The remaining 7 percent went to small parties, protest candidates, and independents who failed to win a seat. [ ]

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#### The AP as the Leader of the Opposition

Fraga has declared that the Popular Alliance is the Socialists' only important challenger, and he has proclaimed a new "bipolar" era in Spanish politics. In future elections, according to Fraga, the voters will be able to choose between two sharply divergent "models of society." [ ]

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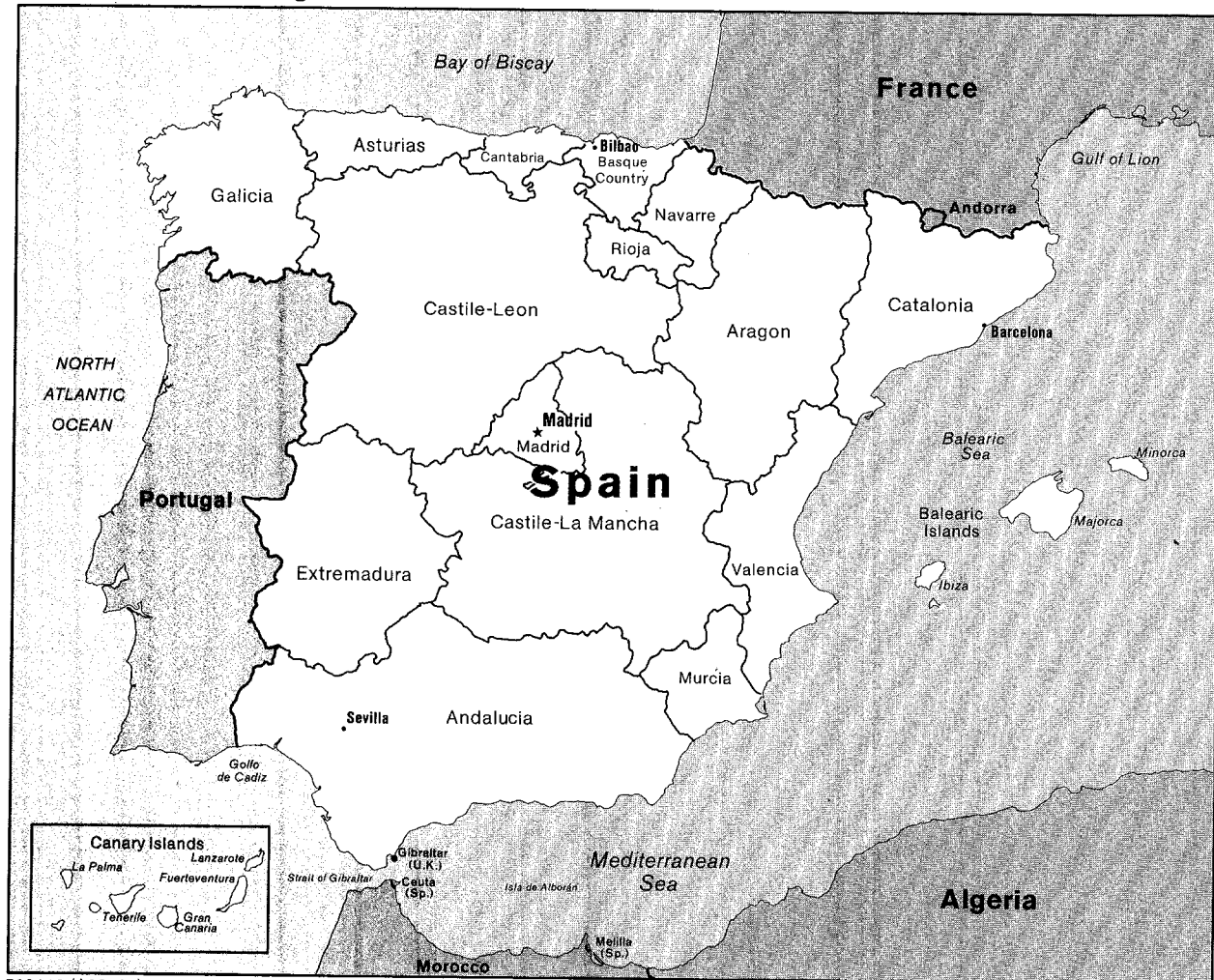
According to some pundits, the Socialists privately welcome the prospect of head-to-head competition with Fraga. Polls indicate that most voters consider themselves on the left side of the political spectrum. We share the Socialists' belief that the public's leanings will combine with Fraga's Francoist image and his tendency to polarize the electorate to keep him from attracting much support among the decisive bloc of centrist voters. (See Appendix) The Socialists' preference for Fraga as an opponent has been demonstrated by their efforts to boost his standing in Parliament by installing him in the newly created post of opposition leader. (See Table). [ ]

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#### Bid for the Center

Fraga also knows that his political prospects hinge on his ability to reach centrist voters. Although he drew a sharp ideological contrast in the 1982 campaign between the Popular Alliance's commitment to traditional family values and free market principles and the Socialists' emphasis on the state, he has moderated his rhetoric since the election. He still takes a hard line against terrorism and street crime, but has toned down his stands on the contentious church-related issues of abortion, divorce, and education. He has

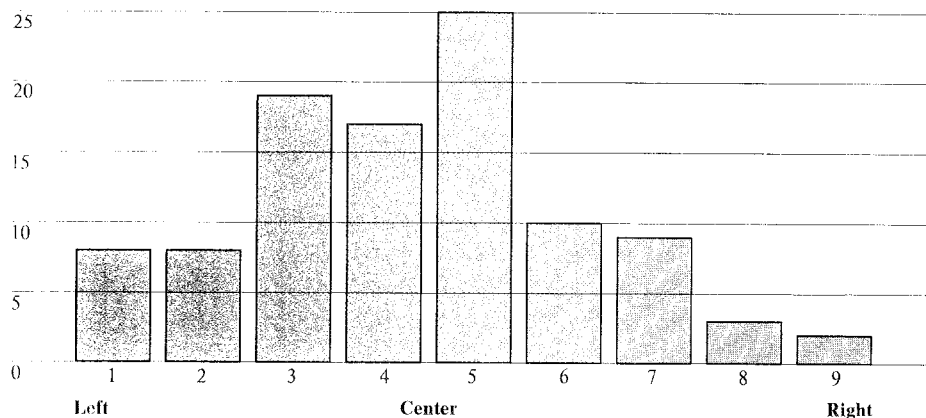
### Spain's Autonomous Regions



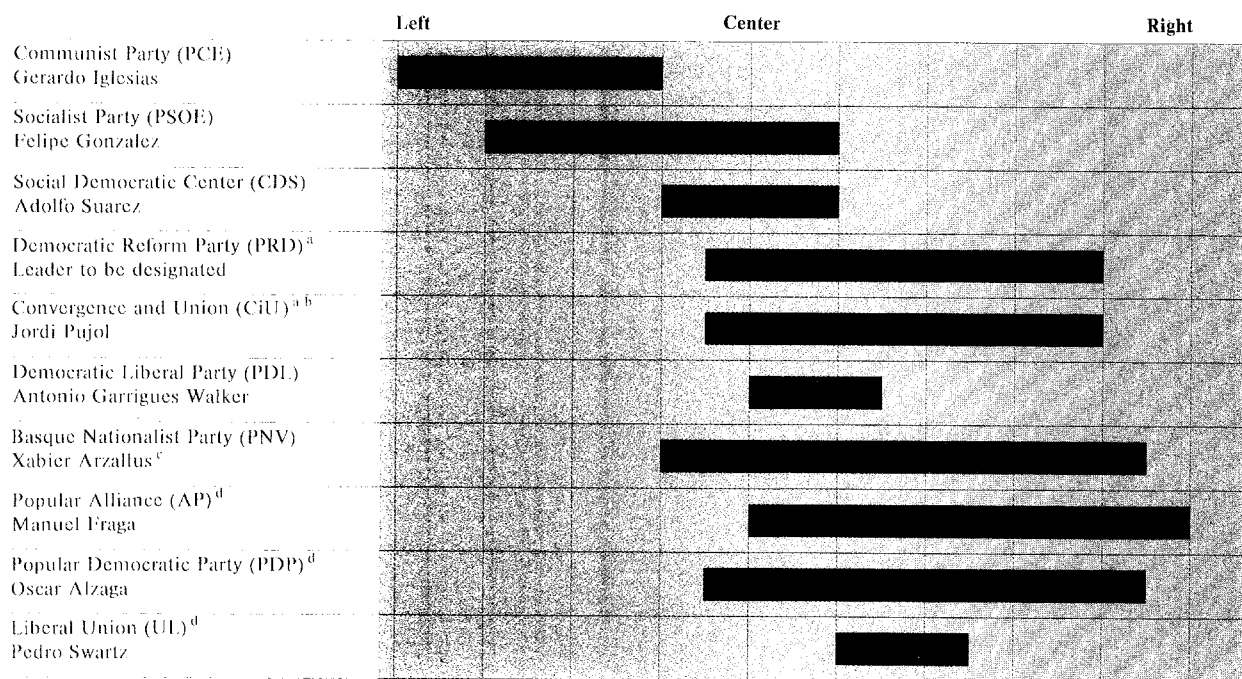
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**Figure 2**  
**The Distribution of Voters and Political Parties**  
**On the Spanish Political Spectrum**

**Ideological Self-Definition of Spanish Voters**  
 Percent



**Sectors of Electorate Targeted by Principal Spanish Parties**



<sup>a</sup> The PRD and CiU are cooperating in "Operation Roca" under the leadership of Miquel Roca, the CiU parliamentary spokesman in Madrid.

<sup>b</sup> Runs in Catalonia only.

<sup>c</sup> Runs in Basque provinces only.

<sup>d</sup> The AP, PDP, and the UL are members of the popular Coalition under the leadership of AP chief Manuel Fraga.

also shown more acceptance of regional aspirations. [ ]

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These shifts have been supported by bright young politicians whose careers he has advanced, such as Miguel Rodriguez Herrero de Minon, a former UCDeR in his early forties who is a close political adviser and the Popular Alliance's principal spokesman in Parliament. Fraga's determination to reshape the party's program and rejuvenate its leadership has, however, produced some heartburn among hard-line rightists. Fraga seems to be gambling -- correctly, we believe -- that the far right is not likely to find any better champion and will probably stick with him. [ ]

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### The Popular Coalition: Strengths and Weaknesses

Fraga appears to have recognized the difficulty of incorporating in the AP all the principal political factions to the right of the Socialists. His solution has been to try to form alliances with other center-right groups. He has had some success. In 1982 he managed to persuade the newly formed Popular Democratic Party (PDP) -- a Christian Democratic party led by Oscar Alzaga and other defectors from the UCD -- to join the AP and three small regional parties in the Popular Coalition, a broad electoral and parliamentary coalition under Fraga's overall leadership. Since the election Fraga has also bid for liberal voters by sponsoring the formation and incorporation into the Popular Coalition of the Liberal Union (UL). [ ]

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The PDP and UL have, in fact, been able to attract some Christian Democrats, Liberals, and other right-of-center politicians reluctant to place themselves directly under Fraga. For example, Javier Tusell -- one of the most attractive of the new generation of Spanish conservatives -- implied his reluctance to vote for Fraga to a US official. Nonetheless, his presence on the PDP's executive board adds luster to the Coalition and at least indirectly to Fraga. Similarly, the UL has been a convenient vehicle to align former UCD liberals like Joaquin Munoz Peirats and Anton Fontan with Fraga. [ ]

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The Coalition also claims significant membership gains. The press reports that the AP doubled its size to 160,000 from 1982 to 1983, and the PDP

\*A number of other key figures Fraga has promoted in the party are only in their mid-thirties. Among this group are Javier Carabias, the AP's election coordinator; Gabriel Camunas, a party vice president; Rodrigo Rato, the party's parliamentary secretary; Carlos Manglano de Mas, head of the Valencian provincial party organization; and Jose Ramon Calero, head of the Murcian provincial party organization. Jorge Verstryngue, Fraga's Secretary General for the AP, is only 35 years old. [ ]

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grew from 7,000 members in May 1983 to more than 23,000 in March 1984.\* The UL, which has not built a broad grassroots organization, has lagged. [redacted]

Despite the gains produced by the Coalition, Fraga must worry that the press and, we believe, much of the public do not take his junior partners seriously and view the arrangement as a thinly veiled ploy to coopt the center. The Liberal Union probably would be in trouble even without the link to Fraga. Spanish liberals are a small, relatively wealthy group. They also suffer from an excess of would-be leaders. The UL's ability to attract only a minority of this minority reduces its viability in the eyes of Spanish voters. In addition, its appeal has been undercut by the widespread suspicion that Fraga's motive in sponsoring it was to undercut efforts to establish an independent liberal party. [redacted]

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The PDP is more independent, but voters' views of that party also are probably conditioned by an awareness that Alzaga and his colleagues won their seats in Parliament with Fraga's help. Its prestige has suffered further at the hands of its AP allies -- this spring, for example, the AP parliamentary leadership denied the PDP an opportunity to address the Cortes on a bill of particular importance to it. [redacted]

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At the same time that the AP's preeminence within the Coalition diminishes its partners' appeal, frequent reports of this sort of intra-Coalition conflict somewhat paradoxically undermine Fraga's image of strong leadership and raise questions about the stability of a future center-right government. The PDP's efforts to develop a special constituency among Catholic voters by taking militantly pro-Church positions on educational and other issues have particularly upset AP and UL leaders. They are concerned that the gain to the PDP from such tactics will be more than offset by harm to the Coalition as a whole. [redacted]

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The Popular Coalition has also been plagued by disputes about each party's weight in it. The Liberals are the least established member of the

\*Party membership figures quoted in the press come from the parties themselves and must be treated cautiously. Barely five weeks before PDP leader Alzaga publicly claimed 23,000 members, he privately told US officials that his party had 16,000 members. Notwithstanding the difficulty of arriving at exact figures, it appears that the AP and PDP have grown rapidly during the past two years. [redacted]

\*\*A regression analysis of Spanish political and socio-economic data identified Church related issues as the "sleeping" factor in Spanish politics. That study suggested that close identification with the Church could be a significant barrier to Fraga's efforts to reach out to middle-of-the-road voters. [redacted]

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Coalition, but they argue that the UL is the logical bridge to centrist voters and should have an important voice in its councils and a significant position on its electoral lists. Those pretensions rankle the PDP leaders, who see the UL as trying to usurp a role they claim for themselves. Similarly, many in the AP -- including Herrero de Minon -- assert that the Alliance itself is a broad, inclusive party that should extend from traditional conservatives to social democrats. [ ]

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In our judgment, the most important cleavage in the Coalition runs between the AP and the PDP. Many of Fraga's supporters foresee the AP eventually absorbing its junior partners. As recently as April an important AP provincial leader predicted as much to a US official. PDP leader Alzaga, however, has never regarded his pact with Fraga as more than a temporary tactical convenience. The PDP chief confided to a US official more than a year ago that he was only biding his time until he built his party up enough to run on its own outside the Coalition. [ ]

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Local conflicts between the PDP and the AP have long threatened to break up the ruling conservative coalition in the northern area of Cantabria, where the PDP is strong. Local PDP leaders have told a US official that they plan -- with Alzaga's agreement -- to precipitate early regional elections in spring 1985 and run independently as a test run for an independent national PDP. At a minimum, a strong PDP race against the AP in that region would bolster Alzaga's bargaining position within the Coalition. [ ]

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We doubt, though, that Alzaga would actually leave the Coalition before the next general election. Spanish election law discriminates against smaller parties, and Alzaga almost certainly believes that the AP will dominate the political spectrum to the right of the Socialists in that race. According to the press, in fact, Alzaga has already concluded that he might as well stay where he is. [ ]

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#### Attempts to Build Regional Alliances

The AP has not been able to expand its strength significantly on the basis of the Popular Coalition. It failed to move beyond its 1983 showings in voting for municipal and provincial governments last year. In two regional elections since then -- in the Basque provinces in February and in Catalonia in April -- the AP ran directly against regional and incumbent center-right parties. The party's distant fourth-place finish in the Basque provinces and third-place showing in Catalonia led many Spanish political experts to conclude that Fraga will have a difficult time winning more than about a quarter of the national electorate. Their consensus was that his hopes of taking power depend heavily on cutting a deal with the moderate Basque and Catalan parties which control 20 seats in the Cortes. [ ]

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A pact with the regional parties will be difficult for Fraga to arrange. He has the reputation of a centralist, and the conservative voters

who are the core of the AP's electorate historically have been strongly centralist. Catalonia and the Basque provinces, however, have strong regional identities and throughout this century have pushed hard for home rule whenever they had the opportunity. Middle-class voters who are the mainstay of the AP's strength elsewhere in Spain have consistently given their support in those areas to the strongly regionalist Catalan Convergence and Union coalition (CiU) and the Basque Nationalist Party (PNV). [redacted]

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Fraga has tried to appeal to these groups on the grounds that they are closer to him than to the Socialists on economic and social policy. According to press reports, Fraga also has offered cabinet posts, cooperation on home rule, and the Popular Coalition's withdrawal from electoral competition in the Basque provinces to win Basque cooperation. Earlier this year Herrero de Minon told a US official that Xabier Arzallus -- the PNV's behind-the-scenes strongman -- had agreed to serve as Justice Minister in an AP-led government. We believe, though, that Arzallus would have trouble selling a national accord with Fraga in the Basque Provinces, and would welsh on any bargain he had made if he encountered serious resistance. A previous attempt to strike an agreement in 1983 collapsed when the PNV failed to keep its end of the agreement because of internal resistance. [redacted]

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Fraga probably has a better chance of making a deal with the CiU. The CiU is trying to establish a national centrist party to recapture much of the UCD's old constituency. The Catalans, who now hold 12 seats in the Cortes, seem to be aiming to become the swing factor in coalition politics and might well be prepared to bargain with Fraga. [redacted]

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#### Attempts to Rebuild the Center

##### Adolfo Suarez: Diminishing Hopes

Adolfo Suarez's attempts to reestablish himself as the dominant politician of the center have not been successful. Even though the launching of his CDS panicked Prime Minister Leopoldo Calvo Sotelo into the early election which resulted in the destruction of the UCD, the early election also made it hard for Suarez to get the CDS off the ground. [redacted]

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An important problem plaguing Suarez has been his poor relations with traditional elites. The concessions he made as Prime Minister to rally leftists behind his formula for a step-by-step transition to democracy badly alienated the business community, the church, and the military. The antagonism of those groups has particularly hurt his efforts to raise funds and develop a grassroots organization. The local and regional elections in May 1983 confirmed the 1982 catastrophe: the CDS's share of the vote fell from 3 percent to less than 2 percent nationally. Without money, infrastructure, or local allies, Suarez did not even contest the Basque and Catalan elections this year. [redacted]

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Suarez describes his current difficulties as his "time in the desert." He has retreated from his original goal of supplanting the UCD as a mass-based center party. In February he told the US Ambassador -- in bravado we believe -- that he is now shooting for 30 to 40 seats of the 350 seats in Parliament -- enough, he claimed, to be the balance of power in coalition making. [redacted]

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Suarez's strained relations with the elites and with his former center-right colleagues led him to suggest in 1982 that he would only consider a pact to his left; we now believe that Suarez is intent on becoming a behind-the-scenes power broker in a Socialist-led government. His apparent leftist tilt, however, could be at odds with his electoral base and prevent his realizing his objectives. Public opinion polls consistently rate him one of the country's most popular politicians, but an analysis of poll results indicates that Suarez's supporters are disproportionately well-to-do and strongly Catholic -- groups that favor some reform but are generally suspicious of the Socialists. [redacted]

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One high ranking Socialist referred recently to Suarez as a political "corpse," but that statement is almost certainly too extreme. We believe that the Socialists think that Suarez may yet be useful to them. Press reports suggest that the Socialists may be providing Suarez with enough financing to keep his party afloat on a modest basis, in hope that Suarez will drain potential support away from the Catalan-backed center party which could be a more serious threat to the PSOE. Interestingly, Suarez recently opened a new CDS office in Galicia and made a well-publicized swing through the Canary Islands, both areas of prime potential for a new centrist party. If Suarez could come up with a few more deputies in the next election, he could be an acceptable coalition partner for Gonzalez, who has said openly that Suarez "shares my way of looking at things." In the meantime Suarez underwrites his comfortable lifestyle by maintaining a Madrid law practice specializing in lobbying the Socialist government. [redacted]

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#### Miguel Roca: Catalan Nationalist to National Politician

Miguel Roca -- the CiU's parliamentary leader and a former anti-Franco student activist -- has increasingly eclipsed Suarez in the center. Roca's quick mind, gift for words, and shrewd judgment have helped him rise rapidly in the world of Catalan regional politics. Widely respected in parliament, he now is seeking a national stage for his ambition, and the UCD's collapse has given him the opportunity. According to press reports, a small group of UCDers offered Roca their backing for a new party allied to the moderate Catalan CiU. Other members of the CiU -- including party leader Pujol -- were initially skeptical but evidently were brought around by the hope that a Catalan-influenced center party could play a key role in coalition-making and

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in strengthening the region's political leverage. [ ]

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Roca's principal partner in this venture has been Antonio Garrigues Walker, a socially prominent businessman and leader of the Democratic Liberal Party (PDL). The PDL has attracted much press attention, but has failed miserably at the ballot box, winning less than 1 percent of the vote in the local elections in 1983. Nevertheless, Roca apparently believes that he can make use of Garrigues' national recognition and the PDL's organization.

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We believe that Roca's model is the Christian Democratic Union/Christian Social Union partnership in West Germany. The CiU, like Franz Josef Strauss's CSU, would preserve its identity and run under its own banner in its regional base. Roca hopes to persuade the PNV in the Basque Provinces to join him by extending it similar autonomy. In the rest of Spain only the new Democratic Reform Party (PRD) would run, and any party that wanted to join would have to surrender its identity. A broadly similar program would underwrite cooperation between the PRD and CiU. In the words of one of Roca's close allies, the two parties would be a moderately right-of-center and "more modern" alternative than the AP to the Socialists. [ ]

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In addition to the PDL, a regional party in the Balearic Islands has agreed to join the PRD. Roca also claims to be close to agreement with two regional parties in the Canary Islands. He has the beginnings of an organization in Andalusia and, according to press reports, apparently expects that a new regional party in Galicia will eventually throw in with him. Roca is also working hard in other parts of Spain to persuade ex-UCDers, regionalist politicians, and political newcomers to start local PRD affiliates of their own. The press refers to all this activity as "Operation Roca."

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#### Roca's Challenge.

The Spanish electorate's centrist tilt is the key circumstance favoring "Operation Roca." The results of the most recent elections in the Basque provinces and Catalonia suggest the importance of that factor. In Catalonia nearly 47 percent of the electorate threw their support to the CiU, while in the Basque provinces the PNV won a plurality of 29 percent. In addition to being champions of regional sentiment, both of those parties are ideologically middle-of-the-road. By contrast, the Socialists won 30 percent and 16 percent of the Catalan and Basque electorates, respectively, while the conservative AP fared miserably -- winning only 8 percent and 6 percent. Some commentators who in January had called the Socialists "invincible" have looked at these returns and the Socialist slip in opinion polls and have begun to suspect that Gonzalez may not have a long-term lease on the prime minister's residence after all. They also have drawn the conclusion that a centrist party would have the best chance of beating the Socialists. [ ]

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In our view, however, the problems facing Roca are at least as great as his opportunities. His most serious problem remains his identification with Catalonia. That region's wealth, cultural and linguistic identity, and aspirations for political autonomy stir resentment in much of the rest of Spain. We believe that Roca will have a particularly difficult time, moreover, making the transition from a regional spokesman to a national leader because he plans to stay in the CiU and will not even be a member of the party he is trying to father. We think that he will not easily win over the substantial number of voters who worry that "Operation Roca" is nothing more than a Catalan ploy for greater influence. [redacted]

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Roca's Catalan identity could become an even more serious handicap because of the Gonzalez government's charges against Catalan leader Pujol for alleged criminal misconduct in managing the Catalan Bank some years ago. Along with other CiU members, Roca has felt obliged to defend his embattled party chief. If the case drags on, it is likely to produce revelations that could damage Pujol and tarnish the reputations of Roca and others who have rallied around him. [redacted]

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Roca's fundamental problem is that which brought the UCD down. The center and right in Spain stretches across so much of the political spectrum -- from moderate social-democrats to reactionary neo-Francoists -- that right-of-center parties are hard to organize and hold together. Just as Fraga has had trouble expanding from the right to the center, we believe that Roca will have difficulty reaching from the center to the right and coming up with a coherent program that can unite liberals, social democrats, moderate reformers, and regional nationalists. As an illustration of the difficulty, Roca and Garrigues haggled for more than a year before they could agree to name their joint undertaking the Democratic Reform Party. [redacted]

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A related problem is the difficulty centrist parties have had in gaining control over regional political fiefdoms. Roca's path is unlikely to be any easier than that of the UCD. For example, in Galicia Roca must deal with Eugelio Gomez Franqueira, a former UCD strongman who is a well-established regional "boss." Gomez Franqueira, whose newly formed Galician Coalition has the potential to become one of the PRD's stronger components, has told Roca that he will not join it until after the Galician regional election in fall 1985. Even then, we believe he will insist on considerable autonomy for himself. [redacted]

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This problem is not limited to Galicia. Another former UCD activist, Luis Marin Sicilia, has worked closely with Roca in organizing the Andalusian Reform Party. According to the press, Marin also has made it clear, however, that he intends to be the master in his own house. He told Roca that his organization, not the national PRD, would control local slatemaking and party discipline. Roca's own failure to give up his Catalan base gives him little moral authority to resist such claims. Adolfo Suarez has said publicly that the PRD's "Balkanization" offers a disturbing parallel to the UCD, a charge we

believe voters could find credible. [ ]

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Finally, the presence of large numbers of ex-UCDers in the PRD will, in our judgment, establish a link between the two parties in the minds of many voters. The PRD needs experienced cadres, but in recruiting UCD veterans, Roca risks giving his party a shopworn image at its birth. More than a year ago Fraga looked at the motley collection of interests available to Roca and made his own prediction for the PRD: "The sum of zeros is zero." [ ]

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### Prospects for the Opposition

All the principal players on the Spanish political scene -- Gonzalez's Socialists, Fraga's Popular Coalition, Suarez's CDS, and Roca's PRD -- are in direct competition for the votes of the center. They are also in contact behind the scenes -- the Socialists with the CDS, the CDS with the PRD, and the PRD with the Popular Coalition -- with an eye open to future coalition-making. [ ]

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### The Most Likely Outcome: A PRD Alliance with the Right

We believe that "Operation Roca" will be the key to prospects for the Spanish opposition unseating Gonzalez or forcing him to form a coalition government. Last fall Roca and Garrigues told a US Embassy official that they would run with the Popular Coalition if public opinion polls six months before the next election indicate that they would win more seats running combined than alone. We believe that the election law's discrimination against small parties makes it unlikely that the PRD will see any advantage in going it alone. [ ]

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There are no major ideological barriers to an electoral pact between Roca and Fraga. Both have links to the Christian Democratic movement, and there is a general overlap in outlook between Roca's liberal allies and the Fraga-sponsored UL as well. Fraga himself has said -- a bit optimistically -- that there is only about a 5-percent difference in the models of society offered by the AP and Roca's CiU. Much of whatever difference exists is probably over the question of regional autonomy, and one of Fraga's lieutenants told an Embassy official recently that the AP will try to be flexible on this point. Fraga's reputation as a hard-nosed defender of Spanish unity could even give him some extra freedom with the military and other conservative interest groups to negotiate with the CiU and PNV in this area. [ ]

25X1

The press reports that Fraga has already offered a variety of deals to Roca and Garrigues. In our judgment, the business community will press them to listen carefully to what Fraga has to say. According to the press, Carlos Ferrer Salat, the former head of the Employers Confederation and one of Spain's leading business spokesmen, has said that Roca will not get major contributions unless he is willing to work with the Popular Coalition. The lack of significant public financing for political parties gives weight to the

views of Ferrer Salat and other potential business contributors. Financing, ideological affinity, and electoral expediency were probably all on Garrigues' mind when he told the US Ambassador last year that there was a 90-percent chance that the PRD would link up with the Popular Coalition for the next election. [ ]

25X1

If Fraga were to enter a pact with the PRD, it would increase his chances of beating the Socialists. The election would probably still be the Socialists' to lose, but the Popular Coalition would at least be within striking distance. [ ]

25X1

On the other hand, a pact with the PRD would diminish Fraga's dominance on the center-right. If pre-election polls indicate that the PRD could command about 15 percent of the vote -- a possible if rather optimistic target -- we believe it might lay down some severe terms for an alliance with the Popular Coalition. One of these could well be that Fraga renounce any claim to the prime ministership. Regionalist and centrist politicians probably have as many doubts about their ability to work with Fraga personally as they have fears about his capacity to alienate many of their voters and drag the center-right down to defeat. Since the Catalan election, increasing doubts about Fraga in the business community -- including Ferrer Salat -- have lent extra weight to such reservations. [ ]

25X1

The US Embassy, in fact, has picked up reports in recent months that the AP leader already has agreed to step down. Fraga has publicly derided such rumors, and he would almost certainly be reluctant to forgo what may well be his last chance to win power. At the same time, he is a realistic and -- by political standards -- a generous man. Two years ago he offered Landelino Lavilla, then head of the UCD, an opportunity to head a common center-right ticket. We believe he would make a similar offer again if he thought that was the price that had to be paid for a center-right victory in the next election. [ ]

25X1

If the PRD beats the odds and muscles its way to some sort of parity in an election pact with the Popular Coalition, Roca might emerge as a potential candidate for the top spot. The potential AP aspirants to Fraga's mantle have major weaknesses -- Herrero de Minon has many enemies and lacks flair, Alfonso Osorio does not have much drive, Fernando Suarez is far to the right, and Ferrer Salat has a silk-gloved image. The time for decisions of this sort probably will not come until well into next year, and an election victory by the opposition will probably remain a long shot regardless of its leadership. [ ]

25X1

#### Alternative Two: A PRD Turn to the Left

Roca is also likely to consider a pact with parties to his left, particularly with Adolfo Suarez's CDS. In late May Suarez claimed publicly -- and Roca did not disagree -- that the Catalan had offered him the leadership

of the PRD. Roca must be aware that the CDS's prospects are gloomy, but he probably made the offer to neutralize that party's still-real "spoiler" potential for the PRD. He also probably recognizes that Suarez could add some badly needed stature to "Operation Roca." Roca has intimated to the press, however, that he is reluctant to join with Suarez until the CDS leader cuts his ties with the Socialists. [ ]

25X1

Suarez, for his part, appears interested. Indeed, Suarez tried unsuccessfully to persuade the CiU to enter an election alliance with him in Catalonia this spring. One of Suarez's key aides told a US official in June that despite his public disclaimers about allying with Roca, the CDS would consider joining with him. Although an agreement has yet to emerge, Suarez and Roca have agreed to meet on a regular basis. [ ]

25X1

Despite Roca's reservations about the Socialists, a deal with Suarez could lead to a broader pact with Gonzalez. Such an accord, though, would not come easily. Roca has significant policy differences with the Socialists, and he would be less important as an ally of the large and well-organized Socialist Party than as a member of a multiparty government headed by the AP. These considerations, in our judgment, probably would lead Roca to prefer a deal with Fraga. [ ]

25X1

The Popular Coalition might also be more likely to offer Roca a pre-election pact. The Socialists are more likely, on the other hand, as the clear front-runner, to run on their own and to turn to the PRD afterwards only if they need it to form a government. Nonetheless, we believe the bidding for Roca's favor could become intense if he manages by next year to establish the PRD as a factor in the next election. We also note that Roca, like the stereotypic Catalan, is a pragmatist and would consider offers from any source. One factor that possibly could give the Socialists an edge in bidding for Roca's favors is their ability to deflect criminal prosecution of Catalan leader Pujol. The US Consulate in Barcelona reports that CiU officials have petitioned Madrid via back channels to let Pujol off, and we do not rule out a deal on the Pujol case as part of an understanding between Roca and the Socialists. [ ]

25X1

If Roca were to strike a deal with the Socialists, however, he could have difficulty in selling it to his business supporters. The situation would be different in the unlikely event that the Communists managed a limited comeback and the Socialists lost their majority in the Cortes. We expect that an election of that sort would cause many in business to worry that the Socialists could become dependent on Communist votes. Under those circumstances, some business leaders might actually favor an alliance between Gonzalez and Roca as a barrier to Communist influence. [ ]

25X1

The price Roca would exact for forming a coalition with the Socialists would be greater central government support for Spain's ongoing regional devolution process in general and for Catalonia's home rule aspirations in

particular. Gonzalez would also probably regard Roca's presence in the Cabinet as a useful counterweight to leftist and trade union pressures for more radical economic and foreign policies. [redacted]

25X1

### Alternative Three: Bursting of the Roca Bubble

We see the collapse of "Operation Roca" as unlikely but possible. The party has yet to attract much interest in Castile-Leon and in Castile-La Mancha. Nor has Roca convinced skeptics of his ability to build an organization in Cantabria, Extremadura, or Valencia. On balance, though, we believe that enough voters are looking for an alternative to the Socialists and the Popular Coalition to give Roca's PRD an opening. [redacted]

25X1

### Socialists Still in the Driver's Seat

The PRD's prospects for becoming a significant factor in Spanish politics depend heavily on the timing of the next parliamentary election. That vote must be held by October 1985, and the Socialists will watch the PRD carefully as they decide whether to call an early vote. We do not believe they have ruled the PRD out as a partner, but more immediately they view it as a competitor for centrist voters that might even bring the center-right within reach of ousting them from office. [redacted]

25X1

The Galician regional election in fall 1985 will be a key event. If the PRD's stalking horse, the Galician Coalition, runs well in Fraga's home territory against an incumbent AP administration, we believe Roca could become a major voice in Spain. Press reports lead us to conclude that the Socialists are aware that the AP's lackluster record in the region makes this outcome plausible, and that they are thinking of a snap national election to head Roca off. The expected completion by early next year of Spain's negotiations to enter the EC could also encourage an early vote. [redacted]

25X1

On the other hand, if the PRD has trouble getting off the ground, the Socialists may prefer to serve out their full term. That would give the economy an opportunity to pull out of its slump and would give leftists a chance to forget the government's probable decision to come out in favor of NATO membership this fall. Overall, though, we think the Socialists would opt against this course because they do not want to risk the PRD's establishing itself in Galicia or in regional elections in Andalusia in spring 1986. Unless Gonzalez miscalculates badly on the PRD's potential and the timing of the next election, he should be able to win another term in office without great difficulty. [redacted]

25X1

In any event, the Socialists remain Spain's most popular party by a safe margin in the polls. A cabinet shake-up this fall will probably also help Gonzalez put a fresh face on a by now somewhat shopworn government, and the Socialist Congress in December appears likely to resolidify his support with the party rank and file. Overall, we believe that Gonzalez will keep both the

party and government united on a generally moderate course that will make it hard for either Suarez, Roca, or Fraga to compete with him effectively for centrist votes. A boost to Gonzalez's efforts to keep the Socialists toward the middle of the road is the Communist Party's continuing disunity. Communist infighting has kept their standing low in the polls and largely freed Gonzalez of the need to vie aggressively for leftist votes. The Socialists will also have an opportunity to undercut their rivals by replacing the provisional election law of 1977 with permanent legislation. According to the press, an important aspect of the Socialists' proposal is to give leftward leaning cities a larger share of seats at the expense of the more conservative countryside, which now has disproportionate power. [ ]

25X1

The economy and the issue of NATO membership have been the major problems for the Socialists. Those issues have played a part in a Socialist decline in public opinion polls this year, but we believe that Gonzalez has done much to defuse those concerns. We are generally impressed by his ability to exude just enough of a progressive aura to retain the bulk of his leftist support and, at the same time, appeal to middle-of-the-road voters. [ ]

25X1

#### Implications for the United States

The Socialists' unity and strength reflect in part the fragmentation and weakness on the center and right. Another electoral battering will probably be necessary before the center-right is driven to work effectively together against the left. In the meantime, the most positive aspect of Spanish politics is that the fight for power is a fight for the center -- that is, a competition for moderation rather than extremism and for what most unites rather than divides the electorate. That is an important sign of health for Spanish democracy. [ ]

25X1

Even if an extremely unlikely combination of events -- a paralyzing economic decline or suicidal intra-party conflict over the NATO issue -- should prevent formation of either a Socialist majority government or a Gonzalez-led coalition, the result would not be a stable government of the center-right. The principal alternative to the Socialist government is at present a disparate coalition of centrists, conservatives, and regionalists that could probably hope for only a slim parliamentary majority. A cabinet built along those lines could have so much trouble holding together that it would probably not be an effective government for Spain or a good partner for the country's allies. The most likely outcome of the next election -- a continuation of Socialist rule -- will probably also best serve US interests. [ ]

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## Appendix

## Fraga's Image Problem

Fraga's authoritarian image is somewhat ironic. He held a succession of high offices under Franco but was an advocate of liberalization. After Franco's death, Fraga continued to champion democracy and to discourage would-be coup plotters. Despite his party's scant representation in Parliament, he also played a key role in drafting the new constitution. Even Fraga's detractors recognize that he is perhaps the country's hardest working party leader. [ ]

25X1

Fraga, however, has always been his own worst enemy. He is so intense and convinced of his own sincerity and ideas that he has never been able to suffer either fools or critics gladly. As Interior Minister shortly after Franco's death he had the nearly impossible task of balancing between the fears of diehard Francoists and the demands of reformers for a radical break with the past. Too often for many leftists and moderates, Fraga erred toward heavy-handed tactics in maintaining order. After personally supervising the arrest of some demonstration organizers, Fraga once proclaimed that "the streets belong to me." Leftists have thrown that boast back at him ever since as evidence of his authoritarian personality. Emotional outbursts since then have lent seeming credence to those suspicions. [ ]

25X1

Incidents of this sort have given Fraga what one Spanish pollster calls a "dual image." Conservatives view him extremely positively, while leftists and many centrists have a strongly negative perception. That split image makes it hard for Fraga to broaden his base at the same time that it makes it difficult for potential rivals to push him aside. [ ]

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